



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 12/14/04  
AGENDA ITEM 4  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Redevelopment Agency Board Members  
**FROM:** Director of Community and Economic Development  
**SUBJECT:** Authorization to Enter into a Purchase and Sale Agreement for the B Street Marketplace – 805-895 B Street

**RECOMMENDATION:**

It is recommended that the Agency Board adopt the attached resolution authorizing the sale of B Street Marketplace.

**BACKGROUND:**

The B Street Marketplace retail center was built in 1998, and the Agency's cost to build the retail center was approximately \$2.2 Million. In July 2004 the Agency Board approved a marketing agreement with BT Commercial and Shelter Bay Retail Group to market the center for sale. Since July, the Agency has been working closely with the broker team in the marketing process.

Because the retail center is physically attached to the adjoining parking structure, it is not possible to sell the center as a separate parcel without constructing an additional firewall, which would cause major disruption to the retail tenants. Therefore, a condominium plan and covenants, conditions and restrictions (CC&R's) have been prepared so that the property can be sold as a two-unit condominium. The Agency would continue to own the parking garage, and the retail center would be sold as one unit to a buyer. Key provisions of the CC&R's include high standards of maintenance for the retail owner, including Agency/City approval of any changes to the physical exterior of the building, and restrictions against certain types of tenants, such as consignment or thrift stores, businesses utilizing hazardous substances, and certain adult-oriented businesses. In addition, the Agency will continue to provide parking for the retail center on a non-exclusive, "first come-first served" basis.

The sales marketing effort was highly successful; the response from the market, bolstered by a highly favorable interest rate environment as well as a number of other economic trends, demonstrated an enormous demand for this type of real estate asset generally, and for this property in particular. The Agency received a total of 45 offers, 41 of which were at or above the asking price of \$3,300,000. After careful consideration of all the offers, particularly those at the high end of the price spectrum, staff and the Agency's marketing team recommends sale of the property to Kim T. Duong and Nhan Phan-Thien.

Ms. Duong has investment properties in central California and in the Bay Area, including two retail centers, each over 100,000 square feet, plus another center under construction and four single family homes. These properties appear to be well maintained and well tenanted. The Buyer has already had an opportunity to review the draft CC&R's, the Agency's inspection reports, leases and other disclosure documents, and would undertake additional due diligence activity during a two week period after the Purchase Agreement is executed. The Buyer is also well underway in her effort to secure financing for the Property, and has waived any financing contingency as part of the purchase.

Staff recommends that the Agency Board accept the Buyer's offering price of \$3,650,000, and adopt the attached resolution authorizing the Executive Director to execute a Purchase and Sale Agreement for the B Street Marketplace. Upon execution of the Agreement, the Buyer will submit a deposit in the amount of \$100,000 which would be passed through to the Agency and become non-refundable after the 15 day due diligence period, contingent upon the Buyer's satisfaction with the disclosure items. The Agency will be responsible for paying a 5% brokerage commission plus certain escrow costs for the property, estimated at approximately \$200,000. Therefore, the net proceeds of sale will be approximately \$3,450,000. The purchase would close no later than 60 days after execution of the Purchase Contract, or by the end of January 2005.

Prepared by:



Maret Bartlett  
Redevelopment Director

Recommended by:



for Sylvania Ehrental  
Director of Community and  
Economic Development

Approved by:



Jesús Armas  
Executive Director

Resolution

# DRAFT

## REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-\_\_\_\_\_

Introduced by Agency Member \_\_\_\_\_

*me*  
*12/19/04*

### RESOLUTION AUTHORIZING THE EXECUTION OF PURCHASE AND SALE AGREEMENT FOR THE B STREET MARKETPLACE LOCATED AT 805-895 B STREET

WHEREAS, the B Street Marketplace, located at 805-895 B Street is a retail center currently owned by the Redevelopment Agency (APN: 428-0071-022-01), located between Watkins Street and Mission Boulevard; and

WHEREAS, in July, 2004, the Agency Board authorized staff to enter into a marketing agreement for the sale of the retail center; and

WHEREAS, the Agency received an offer of \$3,650,000 from Kim T. Duong and Nhan Phan-Thien, above the asking price of \$3,300,000 for the retail center, not including the parking structure; and

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby authorize the Executive Director to negotiate and execute a Purchase and Sale Agreement and all other documents necessary to complete the sale of the marketplace without the parking structure to Kim T. Duong and Nhan Phan-Thien, after approval by the City Attorney, acting as the Agency's General Counsel, as to the form of such documents.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_

**Secretary of the Redevelopment Agency  
of the City of Hayward**

**APPROVED AS TO FORM:**

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**General Counsel**